

AGENDA: May 13, 2003

4.4

CATEGORY: Consent

DEPT.: Finance and Administrative Services

TITLE: Extension of Contract with ACS, Inc. for
Information Systems Management
Services

RECOMMENDATION

Authorize the City Manager to execute a contract extension of three years and annual cost reduction of \$275,000 with Affiliated Computer Services (ACS) for information technology management services.

FISCAL IMPACT

Approval of this recommendation will reduce the costs of maintaining and operating the City's information technology infrastructure in Fiscal Year 2003-04 by \$275,000 and avoid a cost-of-living adjustment of approximately \$60,000 for a total benefit of \$335,000. Future costs will be lower due to the lower base upon which any authorized adjustments would be based.

BACKGROUND AND ANALYSIS

At the April 15, 2003 budget study session, staff presented a budget reduction recommendation to reduce the Finance and Administrative Services Department budget \$275,000 by lowering the cost of ACS contract. It was indicated that staff had negotiated, and ACS had accepted, this reduction based upon a contract extension of three years. This is a significant concession that will not have a material impact on the level of support services provided to other City departments. Attachment K that was included in the budget document presented at the April 15 study session is appended to this report to provide more background and explanation of this recommendation.

ALTERNATIVE

The alternative to this recommendation is to immediately issue a Request for Proposals for information technology management services. This is not recommended at this time for several reasons as noted below:

1. There would be no assurance bids would be lower and it is equally possible that bids would be higher than current costs.

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2. If a different contractor was chosen, there would be a transition period of three to six months during which the City would pay both ACS and another party for services, thereby increasing costs in the coming year. The charges from ACS for this transition period would have to be negotiated.
3. A different contractor would have start-up and relocation costs that would be charged to the City.
4. There would be a loss of system and institutional knowledge disruptive to City operations at a time of significant organizational stress due to the impacts of budget reductions. Continuity of City-wide information technology operations and support is fundamental to organizational stability.

PUBLIC NOTICING—Agenda posting.

Prepared by:

Approved by:

Robert F. Locke
Finance and Administrative
Services Director

Kevin C. Duggan
City Manager

RFL/8/CAM
533-05-13-03M-E^

Attachment: Attachment K of the Budget Document Presented at the April 15 Study Session